

Military and Economic Aid

CIA HISTORICAL REVIEW PROGRAM

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The USSR had extended \$9 billion of military and economic aid to the LDCs bordering on the Indian Ocean at the end of 1973. Its commitments were equally divided between economic and military assistance -- the former allocated to 16 countries and the latter among 14. (see Table 1)

Moscow has delivered nearly \$3.8 billion, or almost 82%, of its military aid committed to the area, but only \$2.1 billion or 46 % of its economic aid.

New commitments followed traditional aid patterns in 1973. India, Iraq, and Iran again emerged as major recipients. These three countries which have accounted for about 70% of total for military and economic aid to this group of states, received almost the entire amount in 1973. For military aid, \$267 million out of the total \$276 million extended went to India and Iraq, and the remainder to the two Yemens; for economic aid, \$538 million of the \$612 million extended went to India and Iran. The remainder included a \$71 million credit to Pakistan and only minor commitments to Burma, and the Yemens.

Assistance to Fisheries Development

Moscow has concluded fisheries assistance agreements with 13 less developed countries on the Indian Ocean. (Table 2) Usually these agreements provides for surveys, training of local fishermen on Soviet ships or in the USSR, construction of onshore processing

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and storage facilities, sale or rental of fishing vessels, and sometimes port development. Recently, Moscow has offered to share management and ownership responsibilities in joint enterprises for exploiting fisheries resources. In return for this assistance Moscow usually receives free port access and servicing facilities for certain of its fishing vessels and more important to its expanding Indian Ocean activities the right to operate within the LDC's territorial waters. At present the Soviet Union is believed to have free port access for its fleet in at least 5 of the nations: Iraq, Mauritius, Somalia, Yemen (Aden), and Yemen (Sana). It is doing or has done oceanographic research in the waters surrounding all of these countries. A minimum 500 Soviet technicians are engaged in training and research programs involving more than 1,000 LDC personnel. Commitments total about \$60 million of which about 25% has been drawn.

Technical Assistance

During the year, almost 60% of Soviet non-military personnel were in India, Iran, and Iraq, Moscow's largest economic aid claimants in the area. Some 900 Soviet technicians were in Bangladesh and 675 in Somalia in spite of the relatively low level of Soviet aid activity. Some 60% of Soviet military technicians in the area were concentrated in Iraq, India, and Somalia performing technical services in connection with the assembly of equipment and training and supervision of local personnel in use of the equipment.

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Trade

Moscow's trade with the Indian Ocean region accounts for 4% of its global trade but 42% of its trade with all less developed countries. In 1972 Soviet trade turnover with the Indian Ocean area approached \$1.3 billion -- \$503 million of Soviet exports and \$752 million of imports. (Table 4) India, Iran, and Iraq, its major aid clients also were its largest trading partners. They accounted for over \$1 billion of the total turnover. India was the most important among them, with exports to the Soviet Union in 1972 of \$378 million and imports of \$168 million. While its trade with the USSR 44% of Moscow's total trade with the whole area, this trade comprises, accounts for 15% of India's total world trade.

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Table 1

Soviet Military and Economic Aid to Less Developed
Countries Bordering on the Indian Ocean

Recipient	Extended 1/1, 1954-73			Extended 1973		Total Drawn of 31 Dec 73	
	Total	Economic and Military	Military	Economic	Military	Economic	Economic
	9,096	4,581	4,515	612	3,753	2,	
Bangladesh	189	35	154	0	29		
Burma	16	Negl.	16	1	Negl.		
Ethiopia 2/	102	0	102	0	0		
India	3,352	1,390	1,962	350	1,103	1,03	
Indonesia 3/	1,206	1,092	114	0	858	11	
Iran	1,364	576	788	188	438	41	
Iraq 2/	1,710	1,156	544	0	1,046	15	
Kenya	49	0	49	0	0		
Maldives	Negl.	Negl.	0	0	Negl.		
Mauritius	5	0	5	0	0		
Pakistan	500	64	436	71	20	6	
Somalia 2/	157	70	87	0	69	4	
Sri Lanka	41	2	39	0	62	2	
Sudan 2/	131	66	65	0	2		
Tanzania	22	2	20	0	47		
Yemen (Aden)	175	50	25	1	77		
Yemen (Sana)	177	78	99	1			

1. Extended refers to commitments to provide goods and services either on deferred payment terms or grants.
2. Included because most aid deliveries would come via the Indian Ocean.
3. Program inactive since 1965.

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ries Assistance to Less Developed
Bordering on the Indian Ocean
(Continued)

Provisions of Agreement

The USSR agreed to construct a fish cannery as aid but no action has been taken. Two resource maps were made by the Soviets.

Moscow agreed to construct several processing facilities as aid but these were later cancelled.

A fisheries/agreement was signed providing aid for research, marine equipment, a training center, fishing vessels, canning cold storage units. Moscow maintains an active fisheries presence of its own in Aden.

Agreement was signed that allocated aid for repair works, fishing vessels, processing facilities, and training. A joint resource study currently is underway.

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Soviet Technical Personnel in Less Developed Countries
Bordering on the Indian Ocean, 1973

Number of Persons		
<u>LDC</u>	<u>Economic</u>	<u>Military</u>
Total	5,820	2,320
Bangladesh	900	100
Burma	10	0
Ethiopia*	75	0
India	1,600	300
Iran	1,000	60
Iraq*	815	785
Kenya	25	0
Kuwait	0	0
Malaysia	15	0
Pakistan	150	0
Somalia	675	700
Sri Lanka	75	0
Sudan*	25	20
Tanzania	150	0
Yemen (Aden)	200	225
Yemen (Sana)	105	130

* Included because most aid deliveries would come via the Indian Ocean

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Soviet Fisheries Assistance to Less Developed
Countries Bordering on the Indian Ocean

<u>Recipient</u>	<u>Date</u>	<u>Provisions of Agreement</u>
Bangladesh	1972	Moscow provided 10 trawlers as grant aid and is constructing refrigeration unit at Chittagong. Local fishermen are training on 2 SRTM's
India	1973	Draft agreement signed in November with provisions for fisheries research in India waters, training of fishermen, and aid in developing port and processing facilities and expanding the fishing fleet.
Indonesia	1964	Signed agreement to establish a fishing complex including trawlers and processing facilities. Construction was suspended in 1965.
Iraq	1969	Agreement was signed for Soviet aid in constructing processing plants and refrigeration facilities. In 1972, Moscow agreed to help develop port facilities at Um Qasr. Also included under the agreement are ship rental and training provisions; a joint fishing enterprise currently is under consideration.
Kenya	1964	The USSR agreed to construct a fish cannery as aid but no action has been taken.
Mauritius	1970	Moscow agreed to extend aid for the purchase of 2 SRTM trawlers, and marine equipment, and to provide Soviet fishery specialists.
Pakistan	1967	An offer of Soviet assistance for fisheries development was made in 1967 under a previous credit. A memorandum of understanding was signed in 1968 for the USSR to conduct oceanographic research, design a fishing port and train Pakistan fishermen.
Somalia	1961	The USSR agreed to provide equipment for a fish canning plant. Joint fishing operations are under a 1972 agreement.
Sri Lanka	1971	Agreement was signed for aid including the provision of a training center and trawler

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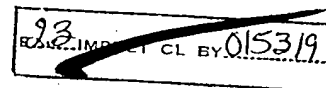


Table 4.4.

Soviet Trade with Selected Less Developed Countries
Bordering on the Indian Ocean, 1972

Million Current US \$

<u>LDC</u>	<u>Soviet Exports</u>	<u>Soviet Imports</u>
Total	<u>503.4</u>	<u>751.9</u>
Bangladesh	10.6	9.4
Burma	4.7	3.3
Ethiopia	1.9	2.5
India	167.6	378.1
Indonesia	32.2	8.2
Iran	115.6	162.1
Iraq	109.0	74.5
Kenya	0.8	0.8
Kuwait	17.5	0
Malagasy Republic	Negl.	1.4
Malaysia	1.2	70.7
Pakistan	21.2	22.6
Somalia	14.2	3.5
Sri Lanka	3.8	12.0
Sudan	20.7	1.3
Tanzania	0.7	1.0
Yemen (Aden)	7.9	Negl.
Yemen (Sana)	2.8	0.5
Others		

Data for 1972, the last year available, are from the official Soviet trade yearbook.

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4 April 1974

S/IT Contribution to NSSM #199
"Indian Ocean Strategy"

Soviet Shipping and Seaborne Trade in the Area of the
Indian Ocean

Soviet shipping in the Indian Ocean reflects the economic relations of the USSR with countries in that area and, to a lesser extent, with countries like Japan and North Vietnam whose trade with the USSR moves in part through the Indian Ocean. Roughly 6% of the USSR's total seaborne trade (in tons) moves on the Indian Ocean. A fraction of a percent of Soviet domestic intercoastal trade (300,000 tons per year at most) travels that route.*

Eight of the 42 international cargo lines served by Soviet dry cargo ships in mid-1973 either called at Indian Ocean ports or traversed the Indian Ocean en route to points farther east. These included a joint Soviet-Indian line unilateral Soviet lines from the Black Sea -- to Southeast Asia (including North Vietnam), to Iraq, and to ports in East Africa and on the Red Sea; three unilateral lines from the Baltic Sea -- to Malaysia, to Australia, and to New Zealand;

* Its chief component, both at present and before the Suez Canal was closed, appears to be ore moving westward from the Primorskiy Kray port of Tetyukhye to the Black Sea.

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Table

Soviet Seaborne Trade with its Trading Partners
in the Indian Ocean Area, 1972

<u>Country</u>	<u>1972</u>		<u>Thousand metric tons</u>	
	<u>Total</u>	<u>Exports</u>	<u>Imports</u>	
Malagasy Republic	negl.	negl.	negl.	
Tanzania	7	2	5	
Sudan	40	40	nil	
Ethiopia	negl.	negl.	nil	
Somali Republic	85	85	negl.	
Kenya	2	negl.	2	
N. Yemen	4	3	1	
S. Yemen	19	17	2	
Iraq	4,180	46	4,084	
Saudi Arabia	19	19	nil	
Kuwait	41	41	nil	
Pakistan	21	17	4	
India	1,171	715	456	
Sri Lanka	54	9	45	
Bangladesh	69	51	18	
Burma	35	7	28	
Thailand	18	7	11	
Malaysia	204	negl.	204	
Singapore	1	1	nil	
Indonesia	3	3	nil	
Australia	147	2	145	

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and a unilateral line operating out of the Soviet Far East and linking Japan, the Malaysian Peninsula, and the East Coast of India.

The table below provides approximate tonnages of Soviet seaborne trade with countries in the area of the Indian Ocean in 1972. A majority of these cargoes moved in Soviet ships.

Iraq, whose seaborne trade with the USSR totalled almost 4.2 million tons in 1972, was the chief trading partner. India was second in importance with more than 1.1 million tons and Malaysia was third with 204,000 tons. The only other countries in the area whose trade with the USSR exceeded 50,000 tons in that year were Australia, the Somali Republic, Bangladesh, and Sri Lanka.

During 1972 Soviet foreign trade cargoes transiting the Indian Ocean consisted largely of the following: iron ore, scrap iron, fertilizer, chrome ore, cotton, and manganese ore from the Black Sea to Japan; fertilizer, petroleum, and general cargo from the Black Sea to North Vietnam; wool from New Zealand to the Baltic; and fertilizer from the Baltic to New Zealand. Trade with Japan crossing the Indian Ocean exceeded 2.3 million tons; exports to North Vietnam, 260,000 tons;* and trade with New Zealand, 35,000 tons

* 30% of the USSR's total trade by sea with North Vietnam.

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